

# Disciplinary and Other FINRA Actions

## Firm Fined, Individual Sanctioned

Stoeveer, Glass & Company, Inc. (CRD #7031, New York, New York) and Michael Francis Carrigg (CRD #1061325, Registered Principal, Southbury, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$90,000, of which \$15,000 was jointly and severally with Carrigg, and required to retain an independent consultant to review the adequacy of its policies, systems, procedures (written and otherwise) and training relating to its financial and operations systems, and to ensure the proper disposition of outstanding, uncashed checks at the firm. Carrigg was fined an additional \$10,000 and suspended from association with any FINRA member in any principal capacity for six months. Without admitting or denying the findings, the firm and Carrigg consented to the described sanctions and to the entry of findings that the firm, acting through Carrigg, failed to track customer checks that were outstanding and uncashed for more than one year and, as a result, failed to make attempts to reissue checks, recredit customer accounts, contact the customers regarding unclaimed funds and/or comply with state laws concerning unclaimed property; the firm essentially had the benefit of the unclaimed funds in its account that was used for operating expenses. The findings also included that while the firm's bank balance remained positive, the firm, acting through Carrigg, failed to detect that the operating account was overdrawn, in that the firm did not have sufficient funds in the account to pay for all of the outstanding checks.

FINRA found that the firm, acting through Carrigg, failed to prepare an accurate Reserve Formula computation and therefore failed to make required deposits to its Special Reserve Bank Account that it was required to maintain pursuant to Securities and Exchange Commission (SEC) Rule 15c3-3. FINRA also found that while the firm's operating account balance remained positive, the firm, acting through Carrigg, failed to account for the uncashed, outstanding checks.

The suspension is in effect from January 18, 2010, through July 17, 2010. (FINRA Case #2007007247301)

## Reported for February 2010

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

### Firms Fined

**Alvarez & Marsal Securities, LLC (CRD #127858, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000, of which \$5,000 was jointly and severally. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that, acting through a registered principal, it failed to conduct inspections of its main office, failed to reduce inspections and reviews to a written report, and failed to conduct annual compliance meetings. The findings stated that, for one year, the firm failed to document that it had administered a continuing education program in accordance with its evaluation of its training needs and written training plan for its covered registered personnel, and the firm failed one year to conduct a needs analysis and prepare a written training plan or administer a continuing education program for its covered registered personnel. **(FINRA Case #2008011639901)**

**Aurora Capital LLC (CRD #37924, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that, without notifying FINRA, it participated in firm commitment offerings while operating pursuant to a membership agreement that allowed it to engage in underwriting or selling group participant of public offerings of corporate securities, other than mutual funds, on a best efforts basis only, and that required prompt notification if the firm engaged in any underwriting or selling group activity of firm commitment offerings. The findings stated that, as a result of the firm's participation in the firm commitment offerings, the firm conducted a securities business while failing to maintain its minimum net capital requirements. **(FINRA Case #2008011646701)**

**Crowell, Weedon & Co. (CRD #193, Los Angeles, California)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$32,500, required to pay \$564.11, plus interest, in restitution to customers and required to revise its written supervisory procedures regarding order handling, best execution, anti-intimidation and coordination, trade reporting, sale transactions, other trading rules, the Order Audit Trail System (OATS), books and records, and SEC Regulation NMS. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that omitted the order entry time, failed to transmit an Order Route report to OATS and incorrectly submitted data for the same Reportable Order Event (ROE) twice. The findings stated that the firm failed to provide written notification disclosing to its customers required information regarding transactions, including that transactions were executed at an average price, the correct capacity and that its remuneration was not a commission but a commission equivalent or markup. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or FINRA rules addressing quality of market topics. Specifically, the findings included that the firm's written supervisory procedures failed to provide for minimal requirements for adequate written supervisory procedures for order handling, best execution, anti-intimidation and coordination, trade reporting,

sale transactions, other trading rules, OATS, books and records, and SEC Regulation NMS. FINRA found that the firm failed to provide sufficient documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning these regulatory areas.

FINRA also found that the firm failed to execute orders fully and promptly. In addition, FINRA determined that the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. Moreover, FINRA found that the firm reported transactions in municipal securities to the Real-time Transaction Reporting System (RTRS) with a null or numeric value in the Contraparty Correspondent ID field. **(FINRA Case #2007010677601)**

**David A. Noyes & Company (CRD #205 Chicago, Illinois)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its written supervisory procedures regarding trade reporting, OATS reporting, locate rule, order marking, best execution, and books and records. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed short sale transactions and failed to report them to the FINRA/NASDAQ Trade Reporting Facility (FNTRF) with a short sale modifier, and executed long sale transactions and incorrectly reported each of the transactions to the FNTRF as short. The findings stated that the firm transmitted reports to OATS that contained inaccurate or omitted indicators, destination symbols, route reports and order receipt times. The findings also stated that the firm failed to provide written notification disclosing to its customers that transactions were executed at an average price. The findings also included that the firm failed, when it acted as principal for its own account, to provide written notification disclosing to its customers the correct reported trade price.

FINRA found that the firm executed short sale orders and failed to properly mark the orders as short. FINRA also found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules addressing quality of market topics. Specifically, FINRA determined that the firm's written supervisory procedures failed to provide for minimum requirements for adequate written supervisory procedures in trade reporting, OATS reporting, locate rule, order marking, best execution, and books and records. **(FINRA Case #2008012453701)**

**Direct Edge ECN LLC (CRD #135981, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed short sale transactions and failed to report the transactions to the Alternative Display Facility (ADF) with a short sale modifier. The findings stated that the firm transmitted reports to OATS that contained an inaccurate capacity. The findings also stated that the firm made available a report on the covered orders in national market system securities that it received for execution from any person, and the report included incorrect information as to the cumulative

number of shares of covered orders executed at the receiving market center and the cumulative number of shares of covered orders executed at any other venue. (FINRA Case #2007008910601)

**Dome Securities Corp. (CRD #38036, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it contracted with a third-party vendor for purposes of email retention, but did not implement an audit system regarding email storage and was therefore unaware that the vendor did not adequately retain certain emails. As a result, the firm failed to retain emails during that period. (FINRA Case #2009016131601)

**E\*Trade Capital Markets LLC (CRD #111528, Chicago, Illinois)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$52,500 and required to pay \$1,162.70, plus interest, in restitution to investors. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report accurate trading information through the submission of electronic blue sheets in response to FINRA requests for such information; specifically, the firm failed to include the correct buy, sale or short sale indicator for electronic blue sheet records. The findings stated that in transactions for or with customers, the firm failed to execute orders fully and promptly; and in other transactions for or with customers, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings also stated that the firm executed short sale transactions and failed to report them to the NASD/NASDAQ Trade Reporting Facility (NNTRF) with the correct symbol indicating whether transactions in reportable securities were buy, sell, sell short or cross. The findings also included that the firm failed to immediately display customer limit orders in listed securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; or when the order was priced equal to its bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with its bid or offer in each such security. (FINRA Case #2005003312902)

**First Southwest Company (CRD #316, Dallas, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it reported transactions to the Municipal Securities Rulemaking Board (MSRB) without including an accurate reference to seconds in the execution time. In addition, for some municipal transactions, the firm's reported execution times to the MSRB were not consistent with the execution times as reflected on the order tickets for the reported transactions. The findings stated that the firm failed to adequately monitor its trade reporting to ensure compliance with MSRB Rule G-14, in violation of MSRB Rule G-27. (FINRA Case #2008011590901)

**ICAP Corporates LLC (CRD #2762, Jersey City, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$75,000 and required to revise its written supervisory procedures regarding order handling, trade reporting, order marking, short sale reporting and OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 second after execution, to transmit last sale reports of transactions in OTC equity securities to the OTC Reporting Facility (OTCRF) and failed to designate some of the last sale reports as late. The findings stated that the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in designated securities to the NNTRF, failed to designate some of the reports as late and failed to report the correct execution time for some reports. The findings also stated that the firm failed to report to the NNTRF the correct symbol indicating whether transactions were a buy, sell, sell short or cross; and the correct symbol indicating the capacity in which it executed reportable securities transactions; and incorrectly reported the second leg of “riskless” principal transactions as “agent” to the NNTRF. The findings also included that the firm failed to transmit ROEs to OATS on several business days.

FINRA found that the firm executed short sale orders that they failed to properly mark as short. The findings also stated that the firm accepted short sale orders in an equity security from another person, or effected short sales in an equity security for its own account, without borrowing the security or entering into a *bona fide* arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. FINRA also found that the firm failed to provide written notification disclosing to its customers its correct capacity in transactions and, when it acted as principal for its own account, failed to provide written notification disclosing to its customers that it was a market maker in each such security. In addition, FINRA determined that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning order handling, trade reporting, order marking, short sale reporting and OATS reporting. **(FINRA Case #2006006490301)**

**Investment Distributors, Inc. (CRD #35490, Birmingham, Alabama)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$80,000 and must certify in writing to FINRA that the firm has implemented a supervisory system, including written procedures, reasonably designed to achieve compliance with SEC Rule 17a-4 and NASD Rule 3110 with respect to the preservation and maintenance of email communications, and with NASD Rule 3010(d)(2) with respect to the supervisory review of email correspondence of registered representatives with the public. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted its registered representatives to use email to conduct business without having in place an effective system or procedure for email surveillance and archiving. Specifically, the firm relied on its registered representatives to electronically forward their emails to the firm’s chief compliance officer for supervisory review and archiving, while lacking any means to ensure that registered representatives were actually doing so. As such, the firm’s system and procedures for email surveillance and archiving were not reasonably designed to achieve compliance

with SEC Rule 17a-4, and NASD Rules 3010(d)(2) and 3110. The findings also stated that the firm failed to preserve and maintain numerous securities-related and/or firm-related emails that registered representatives had not forwarded to its chief compliance officer. **(FINRA Case #2009016117101)**

**Regal Securities, Inc. (CRD #7297, Glenview, Illinois)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to develop and implement an adequate supervisory system and written procedures for detecting and reporting suspicious activity. The findings stated that the firm failed to provide adequate anti-money laundering (AML) training for its designated AML officers and firm employees, and failed to conduct adequate independent testing of its AML compliance program for two years. **(FINRA Case #2007007344801)**

**Seaboard Securities, Inc. (CRD #755, Florham Park, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to accurately report the execution time to the MSRB for municipal securities transactions and failed to report the correct capacity code on some of the transactions. The findings stated that the firm failed to report the correct capacity code for corporate securities transactions to the Trade Reporting and Compliance Engine (TRACE). The findings also stated that the firm failed to maintain accurate and complete order tickets for its municipal securities transactions, and failed to make and keep order tickets for TRACE-eligible securities transactions. **(FINRA Case #2008011735501)**

**Seaboard Securities, Inc. (CRD #755, Florham Park, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$25,000 and required to revise its written supervisory procedures regarding OATS reporting, best execution, short sales reporting, trade reporting, order handling, anti-intimidation and coordination, and physical security of its equipment. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the OTCRF the correct symbol indicating whether transactions were buy, sell, sell short or cross for reportable securities transactions. The findings stated that the firm transmitted reports to OATS that contained inaccurate timestamps, execution capacities and order receipt times. The findings also stated that when the firm acted as principal for its own account, it failed to provide written notification disclosing to its customers that it was a market maker in each such security, failed to provide written notification disclosing to its customers its correct capacity in transactions, and failed to provide written notification disclosing to its customer that the transaction was executed at an average price. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules addressing quality of market topics; specifically, the firm's written supervisory procedures failed to provide for minimum requirements for adequate written supervisory procedures in OATS reporting; best execution; short sales reporting; trade reporting; and order handling. FINRA found that the firm failed to provide documentary evidence that it



performed the supervisory reviews set forth in its written supervisory procedures for order handling, best execution, trade reporting, short sales reporting, anti-intimidation and coordination; and physical security of its equipment. FINRA also found that the firm failed to accept or decline in the OTCRF reportable securities transactions within 20 minutes after execution that it had an obligation to accept or decline as the order entry firm (OEID). **(FINRA Case #2008012328601)**

**Seattle-Northwest Securities Corporation (CRD #10639, Seattle, Washington)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$13,000 and required to revise its written supervisory procedures regarding trade reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of Time of Trade to an RTRS Portal. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning trade reporting. **(FINRA Case #2008013712101)**

**Synergy Investment Group, LLC (CRD #46035, Charlotte, North Carolina)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it engaged in a securities business while failing to maintain its required minimum net capital. The findings stated that the firm's net capital computations were materially inaccurate, in that they failed to reflect an unsecured debit balance on its books and records and, instead, indicated that the firm had satisfied its minimum net capital requirements. The findings also stated that, for these reasons, the firm's net capital computation deficiencies caused its Financial and Operational Combined Uniform Single (FOCUS) IIA Reports that it submitted to FINRA to be materially inaccurate. **(FINRA Case #2008014916401)**

**Thomas Weisel Partners LLC (CRD #46237, San Francisco, California)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its written supervisory procedures regarding SEC Rule 204T and certain trading rules. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it incorrectly reported the second leg of "riskless" principal transactions as "principal" to the FNTRF and incorrectly reported principal transactions as "riskless" principal to the FNTRF. The findings stated that the firm failed to provide accurate disclosures to its customers and transmitted reports to OATS that contained inaccurate special handling codes or inaccurate order type codes. The findings also stated that the firm made available a report on the covered orders in national market system securities it received for execution from any person and failed to include executions of orders, or incorrectly duplicated or included an additional order. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning SEC Rule 204T and certain trading rules. FINRA found that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning the three-quote rule, sales transactions, OATS reporting, soft dollar accounts, and books and records. **(FINRA Case #2009016502701)**

**Track Data Securities Corporation (CRD #103802, Brooklyn, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report ROEs to OATS. The findings stated that the firm transmitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. **(FINRA Case #2007010476101)**

**Westrock Advisors, Inc. (CRD #114338, New York, New York)** submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to file required attestations that it adopted and implemented written supervisory procedures reasonably designed to ensure that the firm and its employees complied with provisions of NASD Rule 2711(i) governing research analysts and research reports. The findings stated that the firm failed to adequately supervise its research analysts, including supervising communications between the research analysts and subject companies, and documenting its monitoring of trading in research analysts' brokerage accounts. The findings also stated that the firm issued research reports that failed to accurately disclose material facts. The findings also included that the firm allowed its research analysts to use third-party email systems but did not reasonably enforce a system to audit or review their email correspondence.

FINRA found that the firm permitted an individual registered as a General Securities Principal and General Securities Representative to supervise the conduct of its research analysts without passing either the Series 16 Supervisory Analyst or the Series 87 Research Analyst exams as FINRA rules required. FINRA also found that the firm failed to develop and implement an AML program reasonably designed to achieve and monitor its compliance with the requirements of the Bank Secrecy Act and the implementing regulations thereunder; the firm's AML program had inadequate procedures governing the testing of its AML program; and the firm's testing of its AML procedures was inadequate and not independent one year, and not tested another year. In addition, FINRA determined that the firm failed to timely report statistical and summary information regarding customer complaints and failed to amend, timely amend or ensure the amendment of Uniform Applications for Securities Industry Registration or Transfer (Forms U4) or Uniform Termination Notices for Securities Industry Registration (Forms U5) to disclose customer complaints and their resolution. FINRA further found that the firm failed to retain originals of certain incoming and outgoing written correspondence relating to its business, received by mail and by fax, or copies of such correspondence and failed to adequately enforce written supervisory procedures prohibiting firm personnel from using third-party, non-firm email accounts for firm business. **(FINRA Case #2007008162201)**



**WFG Investments, Inc. (CRD #22704, Dallas, Texas)** submitted a Letter of Acceptance, Waiver and consent in which the firm was censured, fined \$37,500 and required to revise its written supervisory procedures regarding trade reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted ROEs to OATS that OATS rejected for context or syntax errors, and the firm failed to repair most of them. The findings stated that the firm failed to timely report ROEs to OATS. The findings also stated that the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in designated securities to the NNTRF. The findings also included that the firm transmitted last sale reports of transactions in designated securities to the NNTRF that it failed to designate as reflecting a price different from the current market when the execution was based on a prior reference point in time.

FINRA found that the firm failed to report the correct execution time for transactions in reportable securities to the NNTRF. FINRA also found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, FINRA rules and MSRB rules concerning trade reporting. In addition, FINRA determined that the firm failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of Time of Trade to an RTRS Portal. **(FINRA Case #2006006831701)**

## Individuals Barred or Suspended

**Thomas Adamson IV (CRD #1367, Registered Principal, Virginia Beach, Virginia)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the findings, Adamson consented to the described sanctions and to the entry of findings that he exercised discretionary power in a customer's account to effect, or cause to be effected, purchases and sales of securities without having the customer's proper written authorization to exercise discretion and without his member firm's acceptance of the account as discretionary.

The suspension was in effect from January 19, 2010, through January 25, 2010. **(FINRA Case #2009017951001)**

**Hilda Asencio (CRD #4209245, Associated Person, Richmond Hills, New York)** was barred from association with any FINRA member in any capacity and ordered to pay \$335,250, plus interest, in restitution to a customer. The sanctions were based on findings that Asencio converted \$335,250 from a customer's account by making withdrawals from the customer's variable annuity without his knowledge or consent. The findings stated that Asencio arranged to have the funds sent to a friend, who cashed the checks and forwarded the proceeds to Asencio, who then deposited the funds into her own bank account and used the money for personal expenses. The findings also stated that Asencio failed to respond to FINRA requests for information. **(FINRA Case #2008014573101)**

**Ema Bekirovik (CRD #5431139, Registered Representative, Burr Ridge, Illinois)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Bekirovik converted \$240 from her member firm's affiliate bank by taking \$240 out of a cash bag without authorization and using the funds for personal use. The findings stated that Bekirovik failed to respond to FINRA requests for information. **(FINRA Case #2008013684301)**

**Vincent Dominic Bentivegna (CRD #3106501, Registered Representative, Wantagh, New York)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$2,500 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Bentivegna consented to the described sanctions and to the entry of findings that he failed to timely amend his Forms U4 to disclose material information.

The suspension is in effect from February 1, 2010, through March 1, 2010. **(FINRA Case #2008014936401)**

**Christopher Peace Blake (CRD #2983110, Registered Representative, Cleveland, Tennessee)** submitted an Offer of Settlement in which he was fined \$40,000 and suspended from association with any FINRA member in any capacity for 11 months. The fine must be paid either immediately upon Blake's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Blake consented to the described sanctions and to the entry of findings that he engaged in private securities transactions, for compensation, without prior written notice to, or approval from, his member firm. The findings also stated that Blake failed to timely respond to FINRA requests for information and documentation.

The suspension is in effect from December 21, 2009, through November 20, 2010. **(FINRA Case #2009016709001)**

**Richard Walter Bohlinger Jr. (CRD #4514964, Registered Representative, Alpharetta, Georgia)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Bohlinger's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bohlinger consented to the described sanctions and to the entry of findings that he falsified customer signatures on prospectus delivery receipts without any of the customers' authorization to sign their names to such documents.

The suspension is in effect from January 19, 2010, through April 18, 2010. **(FINRA Case #2008014832801)**

**James Jonathon Fraser Buchanan (CRD #2452897, Registered Representative, Phoenix, Arizona)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Buchanan misused more than \$1,523,000 in customer and non-customer funds when he failed to invest the funds in investor

certificates, warrants or any other investment. The findings stated that Buchanan provided investors with documents falsely representing confirmation of purchases. The findings also stated that Buchanan participated in private securities transactions without prior written notice to his member firms. The findings also included that Buchanan failed to respond to FINRA requests for information. **(FINRA Case #2008013001701)**

**John Bradley Carter (CRD #1216771, Registered Principal, Aurora, Colorado)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Carter misused approximately \$18,480 of investors' funds intended to be contributed to their 403(b) retirement plans. The findings stated that Carter failed to respond to FINRA requests for information and to provide testimony. **(FINRA Case #2008012796701)**

**Louis Gary Cesario (CRD #2588035, Registered Representative, Nesconset, New York)** submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Cesario consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information. **(FINRA Case #2007010720701)**

**Edward Joseph Collins (CRD #1735433, Registered Representative, Blue Point, New York)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Collins consented to the described sanction and to the entry of findings that he failed to provide FINRA with requested information and documents. **(FINRA Case #2009019397601)**

**Thomas H. Collop Jr. (CRD #5318254, Registered Representative, Chicago, Illinois)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Collop consented to the described sanction and to the entry of findings that, in his capacity as a bank employee, he converted a total of approximately \$10,900 in bank funds by removing money from his cash box without the authority to do so. The findings stated that Collop processed a false buy/sell transaction in the bank's teller system in an effort to conceal that he had taken bank funds. **(FINRA Case #2008016441801)**

**Christopher Henry Daume (CRD #3182948, Registered Representative, Selden, New York)** submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Daume's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Daume consented to the described sanctions and to the entry of findings that he forged a customer's initials on a new account form in connection with the purchase of a variable annuity, without the customer's knowledge or consent.

The suspension is in effect from January 19, 2010, through April 18, 2010. **(FINRA Case #2008012543301)**

**Philip Wade Dennis (CRD #5120867, Associated Person, Carmel, Indiana)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Dennis failed to appear for a FINRA on-the-record interview. The findings stated that Dennis failed to disclose material information on his Form U4. **(FINRA Case #2007011826401)**

**Michael Thomas DiPuppo (CRD #68521, Registered Supervisor, Downingtown, Pennsylvania) and Robert Michael DiPuppo (CRD #704057, Registered Representative, Downingtown, Pennsylvania)** submitted a Letter of Acceptance, Waiver and Consent in which Michael DiPuppo was fined \$15,000 and suspended from association with any FINRA member in any capacity for 90 days and Robert DiPuppo was fined \$10,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, the DiPuppos consented to the described sanctions and to the entry of findings that their member firm had in place a supervisory system for the firm's variable annuity transactions specifying that variable annuity transactions that exceeded 50 percent of the lower end of the customer's net worth bracket required additional supervisory review concerning potential liquidity issues. The findings stated that the DiPuppos disagreed with the firm's policy and, to circumvent the system, they altered the net worth of customers to a higher bracket to avoid the 50 percent threshold that would have flagged them on a report and required additional review. The findings also stated that, by altering customer net worth information, the DiPuppos caused their firm's books and records to be false. The findings also included that Michael DiPuppo failed to carry out supervisory responsibilities to ensure that new account forms and annuity applications documents that Robert DiPuppo and other registered representatives in his branch submitted were accurate.

Michael DiPuppo's suspension is in effect from January 4, 2010, through April 3, 2010, and Robert DiPuppo's suspension was in effect from January 4, 2010, through February 2, 2010. **(FINRA Case #2008013742101)**

**Donald Raymond Dunakin III (CRD #2838663, Registered Representative, El Dorado Hills, California)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Dunakin made unsuitable recommendations for securities transactions purchases to a customer when he knew the customer did not have the financial resources to purchase securities without borrowing funds. The findings stated that Dunakin recommended that the customer purchase a large number of securities on margin, which was inconsistent with the customer's financial circumstances and needs. The findings also stated that Dunakin provided false testimony to FINRA during an on-the-record interview. **(FINRA Case #2007010558801)**

**Kathryn Lorraine Ellis (CRD #3250918, Registered Representative, North Olmsted, Ohio)** submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any capacity for nine months. In light of Ellis' financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Ellis consented to the described sanction and to the entry of findings that she signed Employee Acknowledgements and Municipal Finance Professional Acknowledgements on behalf of firm registered representatives without their permission. The findings stated that Ellis provided the forms to FINRA staff during

her firm's bi-annual routine cycle examination without informing FINRA staff that she had signed the representatives' names without their permission.

The suspension is in effect from January 19, 2010, through October 18, 2010. **(FINRA Case #2007007345602)**

**Hudson Etienne Sr. (CRD #1934483, Registered Representative, Union, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Etienne consented to the described sanction and to the entry of findings that he misrepresented facts to an elderly customer who gave him \$100,000 to invest in a Real Estate Investment Trust Investment Account purportedly through Etienne's personal business, when no such security investment existed. The findings stated that Etienne used the customer's funds for his personal expenses while providing the customer with monthly account statements that falsely indicated that her funds had been invested. The findings also stated that Etienne provided the customer with a one-time payment of \$22,000, purportedly representing interest earned on the investment. The findings also included that Etienne willfully failed to disclose material facts on his Form U4. **(FINRA Case #2008015957201)**

**James Thomas Farrell III (CRD #204780, Registered Representative, West Hartford, Connecticut)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Farrell consented to the described sanction and to the entry of findings that he withdrew more than \$900,000 from a pension plan he administered, including nearly \$245,000 he was required to segregate pursuant to a qualified domestic relations order. The findings also stated that in false and misleading filings with the Department of Labor, the Internal Revenue Service and account statements distributed to plan participants, Farrell indicated that the plan's assets were invested in a money market fund, when in fact Farrell had transferred the funds to his bank account for his own use. **(FINRA Case #2008014827101)**

**David Steven Forman (CRD #1143810, Registered Representative, Voorhees, New Jersey)** submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Forman consented to the described sanction and to the entry of findings that he participated in the sale of a \$5 million life insurance policy to a trust and took control of the policy. The findings stated that Forman informed the trustee that the trust might obtain more money by selling the policy than by redeeming it for its cash value after notification was received that the policy would lapse for failure to pay premiums. The findings also stated that Forman participated in sending premium payments to avoid a lapse in the policy without the trustee's knowledge or consent, facilitated the sale of the policy with forged and falsified documents, and retained the entire amount of the sale proceeds, approximately \$942,000, for himself and another individual. No portion of the sale proceeds was paid to the customers or the trust. **(FINRA Case #2007007989901)**

**Jeffrey Allan Forrest (CRD #1003745, Registered Principal, San Louis Obispo, California)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Forrest failed to respond to FINRA requests for information. **(FINRA Case #2007011094801)**

**Jason David Fox (CRD #5321561, Registered Representative, St. Petersburg, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fox consented to the described sanction and to the entry of findings that he improperly refunded a member firm's bank affiliate service fees to customer bank accounts where such fees were never actually charged, and converted at least \$52,000 of the refunded fees after first moving them to other bank accounts. The converted monies were repaid. **(FINRA Case #2009017154401)**

**Joseph Raymond Gallardo (CRD #4100045, Registered Representative, Bartonsville, Pennsylvania)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gallardo consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request for information and failed to testify at a FINRA on-the-record interview. **(FINRA Case #2009016912901)**

**Richard Louis Galterio (CRD #1466226, Registered Principal, Morganville, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 45 business days. The fine must be paid either immediately upon Galterio's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Galterio consented to the described sanctions and to the entry of findings that a member firm, acting through Galterio, failed to retain all business-related electronic communications. The findings stated that Galterio used and permitted at least one of the firm's registered representatives to use an electronic instant messaging service in conducting the firm's business, although the firm did not maintain and preserve instant messaging communications.

The suspension is in effect from January 4, 2010, through March 9, 2010. **(FINRA Case #2008011736102)**

**Cristobal L. Garcia (CRD #5467244, Registered Representative, Garland, Texas)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Garcia completed and submitted false documents to enroll his member firm's customers in an online bill payment program without their authorization in order to receive employee credit for the accounts from the bank. The findings stated that Garcia failed to respond to FINRA requests for information. **(FINRA Case #2008016441101)**

**Willis Scudder Georgia III (CRD #2374955, Registered Representative, Stephens City, Virginia)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Georgia misappropriated funds totaling \$7,500 from a charity for which he served as treasurer by writing and cashing checks made



payable to himself. The findings stated that Georgia failed to respond to FINRA requests to provide on-the-record testimony. **(FINRA Case #2008014358201)**

**Richard George Gleeson II (CRD #4023026, Registered Representative, Rosemont, Pennsylvania)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Gleeson consented to the described sanction and to the entry of findings that he declined FINRA's request for documents and information, and refused to cooperate with a FINRA investigation. **(FINRA Case #2008015403101)**

**Sally Jean Gray (CRD #1801953, Registered Representative, Bellevue, Washington)** was barred from association with any FINRA member in any capacity and ordered to pay \$205,000, plus interest, in restitution to customers. The sanctions were based on findings that Gray borrowed \$230,000 from firm customers contrary to her member firm's written procedures forbidding registered representatives from borrowing funds from customers except in limited instances not applicable to Gray's loans, and without her member firm's written approval, which she did not request nor receive. The findings stated that Gray failed to respond to FINRA requests for information. **(FINRA Case #2008013179601)**

**Sandra Loretta Guay (CRD #2619017, Registered Representative, Webster, Massachusetts)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Guay consented to the described sanction and to the entry of findings that she transferred \$2,100 of her own funds into a customers' joint account to satisfy a margin call in that account and to avoid the sale of stock. The customers were unaware of the margin call. The findings stated that Guay was attempting to conceal these circumstances from the customers by temporarily depositing her own funds in the account, because prior to the margin call, one of the customers had expressed concerns to Guay about the account's declining value. The findings also stated that Guay withdrew the \$2,100 a week later, by completing an Authorization to Transfer Securities or Money form on the customers' behalf by executing the joint account holders' signatures without their consent or authority. When one of the customers questioned Guay about these transactions, she falsely claimed that there had been an "error" and failed to disclose her actions. The findings also included that Guay exercised discretion in the joint account without the customers' prior written authorization and her member firm's written acceptance of the account as discretionary. FINRA found that Guay executed numerous discretionary trades resulting in approximately \$60,000 in losses. **(FINRA Case #2008013937601)**

**Paula Louise Halloran (CRD #2968041, Registered Representative, New Canaan, Connecticut)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Halloran consented to the described sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony. **(FINRA Case #2008016163201)**

**Bruce Edward Hammonds (CRD #5030215, Registered Representative, Boerne, Texas)** submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Hammonds consented to the described sanction and to the entry of findings that he fraudulently induced his member firm's customers and other investors to liquidate their positions or withdraw funds from their accounts and invest in excess of \$1 million in a Ponzi scheme he orchestrated. The findings stated that Hammonds formed a partnership, and opened a partnership account that firm supervisors approved, but Hammonds never disclosed the firm account on the firm's electronic compliance disclosure system as an account in which he had an interest. The findings also stated that Hammonds told his customers and investors that his member firm would manage their investments, and he misrepresented the type of products the partnership would invest in and the investment returns. The findings also included that, rather than investing the money Hammonds received in indexed funds, futures contracts or securities as he represented to customers and investors, he misappropriated the funds, using them to pay for personal expenses as well as to pay investor returns typical of a Ponzi scheme. FINRA found that Hammonds provided customers and investors with fictitious account statements reporting growth in their investments. **(FINRA Case #2008013990501)**

**Reginald Jenkins (CRD #5504647, Associated Person, Indian Trail, North Carolina)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Jenkins failed to respond to FINRA requests for information. The findings stated that Jenkins failed to disclose material information on his Form U4. **(FINRA Case #2008013113401)**

**Michael James Jorgensen (CRD #2676329, Registered Principal, Minneapolis, Minnesota)** was fined \$25,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine is due and payable if and when Jorgensen re-enters the securities business. The sanctions were based on findings that Jorgensen posted comments regarding a competitor insurance company's stock on an Internet message board without written approval from a principal of his member firm. The findings stated that Jorgensen's Internet posts omitted material information, which caused the communications to be misleading, and failed to disclose that he owned puts on the company. The findings also stated that Jorgensen made a recommendation to sell the insurance company's stock in his advertisement on the Internet board without disclosing that he had a financial interest in the securities.

The suspension is in effect from January 4, 2010, through March 4, 2010. **(FINRA Case #2008014433601)**

**Robin Emily Katz (CRD #5216261, Registered Representative, Portland, Oregon)** submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Katz consented to the described sanction and to the entry of findings that, while employed as a personal banker at her member firm's affiliate bank, she improperly obtained an automatic teller machine (ATM) card for a customer's account without authorization and misappropriated approximately \$100,000 from the customer's account. **(FINRA Case #2009019057101)**

**Tony O'Neal Kertchaval (CRD #4940460, Registered Representative, Murfreesboro, Tennessee)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Kertchaval failed to appear for FINRA on-the-record interviews. **(FINRA Case #2008012622301)**

**Brett Sterling Kleese (CRD #3012167, Registered Principal, Mesa, Arizona)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kleese consented to the described sanction and to the entry of findings that he participated in private securities transactions outside the scope of his employment with his member firm, for compensation, and failed to provide prior written notice to, or receive approval, from his firm. The findings stated that Kleese engaged in outside business activity and failed to provide his firm with prompt written notice. **(FINRA Case #2008013575101)**

**Brenden Christopher Lilly (ID #11025585, Associated Person, Yonkers, New York)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Lilly misappropriated \$5,834.14 from his member firm by submitting inaccurate travel and expense reports, which caused his firm's books and records to be inaccurate. The findings stated that Lilly failed to appear for FINRA-requested on-the-record testimony. **(FINRA Case #2008012102601)**

**Corey Lockett (CRD #4418101, Registered Representative, Flint, Michigan)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six weeks. Without admitting or denying the findings, Lockett consented to the described sanctions and to the entry of findings that he effected unauthorized trades in customers' accounts by using available cash in their accounts to purchase additional shares of a mutual fund that they already owned.

The suspension is in effect from February 1, 2010, through March 14, 2010. **(FINRA Case #2008012342001)**

**Stephen Thomas Locrotondo (CRD #1034852, Registered Representative, Bridgewater, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for six months, and ordered to disgorge \$62,500, plus interest, in partial restitution to a customer. The fine and restitution must be paid either immediately upon Locrotondo's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Locrotondo consented to the described sanctions and to the entry of findings that he engaged in private securities transactions without prior written notice to, or written consent from, his member firm.

The suspension is in effect from January 19, 2010, through July 18, 2010. **(FINRA Case #2007010333501)**

**Jeannette J. Martens (CRD #5510546, Registered Representative, San Juan Capistrano, California)** submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Martens consented to the described sanctions and to the entry of findings that she contacted a mutual fund company and misrepresented herself as an assistant to the customer's former registered representative at another member firm in an attempt to obtain confidential information about the customer's account, which the customer had authorized Martens in writing and orally to obtain. The findings stated that, at the time of the misrepresentation, Martens had been authorized to act as the customer's broker of record at her firm, but the mutual fund company had not yet processed the change of broker form received from the firm. The findings also stated that the mutual fund company would not have provided this information to Martens had she correctly identified herself and her broker-dealer affiliation.

The suspension is in effect from January 4, 2010, through February 16, 2010. **(FINRA Case #2008015946101)**

**John D. Martosella (CRD #5313068, Registered Representative, Medford, New Jersey)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Martosella consented to the described sanction and to the entry of findings that, after reporting to his member firm that he had sold an annuity to a customer, he submitted a check drawn on his own account and bearing his forgery of the customer's signature in purported payment for the customer's annuity. The findings stated that Martosella submitted applications for life insurance policies and/or annuities, purportedly on customers' behalf, that contained incorrect information, causing his firm to have false and/or inaccurate books and records. The findings also stated that the forged check submitted on the customer's behalf also caused a falsified record. The findings also included that the applications did not reflect a legitimate agreement by the purported customers to purchase the life insurance and/or annuity product identified in the applications, and at the request of Martosella's firm, he return the commissions previously paid in connection with some of the applications. **(FINRA Case #2008012343301)**

**Cory Holt McNabb (CRD #5318870, Associated Person, Panama City, Florida)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that McNabb willfully failed to disclose material information on his Form U4 and failed to respond to FINRA requests for information. **(FINRA Case #2007009139501)**

**Robert Earl Messinger (CRD #1234161, Registered Representative, Cincinnati, Ohio)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Messinger consented to the described sanctions and to the entry of findings that he exercised discretion in customers' accounts without the customers' written authorization and without his firm's acceptance of the accounts as discretionary.

The suspension was in effect from February 1, 2010, through February 12, 2010. **(FINRA Case #2008013772101)**

**David Roger Miller (CRD #604151, Registered Representative, Edmonds, Washington)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Miller consented to the described sanction and to the entry of findings that he failed to provide FINRA with requested information. **(FINRA Case #2009016663501)**

**Christopher Michael Minor (CRD #2293829, Registered Representative, Chicago, Illinois)** submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for two months. In light of Minor's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Minor consented to the described sanction and to the entry of findings that he opened an options account with another member firm after the member firm where he was employed instructed him not to trade options in his personal account at the firm. The findings stated that Minor failed to provide notice to his firm of his options account at another firm or disclose it on a compliance questionnaire that he submitted electronically. The findings also stated that Minor failed to provide written notice to the other firm of his association with a member firm or disclose it on a new account form that he submitted electronically.

The suspension is in effect from December 21, 2009, through February 20, 2010. **(FINRA Case #2008012469101)**

**Gerald David Morales (CRD #4334209, Registered Representative, Seattle, Washington)** submitted an Offer of Settlement in which he was fined \$12,500 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Morales' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Morales consented to the described sanctions and to the entry of findings that he participated in business activity outside the scope of his relationship with his member firm, and failed to provide prompt written notice to his firm. The findings also stated that Morales failed to completely respond to FINRA requests for information and documents.

The suspension is in effect from December 21, 2009, through December 20, 2011. **(FINRA Case #2007011089301)**

**Christopher James Naylor (CRD #5654118, Associated Person, Highland Mills, New York)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Naylor's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Naylor consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U4.

The suspension is in effect from December 21, 2009, through June 20, 2010. **(FINRA Case #2009017553401)**

**Gary Nelson (CRD #2126178, Registered Representative, Las Vegas, Nevada)** submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Nelson's financial status, no monetary sanction was imposed. Without admitting or denying the findings, Nelson consented to the described sanction and to the entry of findings that he participated in private securities transactions, outside the regular course and scope of his employment with his member firm for which he received no compensation, and failed to provide prior written notice to the firm of his proposed participation in these private securities transactions.

The suspension is in effect from January 19, 2010 through April 18, 2010. **(FINRA Case #2008012043101)**

**John Richard Noble (CRD #4169888, Registered Representative, Lakeland, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for three months. In light of Noble's financial status, no monetary sanction was imposed. Without admitting or denying the findings, Noble consented to the described sanction and to the entry of findings that he borrowed \$300,000 from customers when his member firm prohibited its personnel from borrowing funds from customers.

The suspension is in effect from January 4, 2010, through April 3, 2010. **(FINRA Case #2008012721301)**

**Ramon Oller (CRD #5347417, Registered Representative, Laguna Niguel, California)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Oller's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Oller consented to the described sanctions and to the entry of findings that he willfully omitted to disclose material facts on his Form U4.

The suspension is in effect from December 21, 2009, through June 20, 2010. **(FINRA Case #2008013628501)**

**Jason Marc Pinsky (CRD #2518458, Registered Representative, Manhasset, New York)** submitted an Offer of Settlement in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for 10 business days and ordered to pay \$13,395, plus interest, in restitution to a customer. Without admitting or denying the allegations, Pinsky consented to the described sanctions and to the entry of findings that he effected unauthorized transactions in a customer's account, which caused the customer to sustain losses of approximately \$13,395.

The suspension was in effect from February 1, 2010, through February 12, 2010. **(FINRA Case #2007011534801)**



**William Robert Pitts Sr. (CRD #1405489, Registered Representative, Vicksburg, Mississippi)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Pitts' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Pitts consented to the described sanctions and to the entry of findings that he signed a customer's signature on variable annuity exchange forms and Letters of Authorization without the customer's authorization, which caused his member firm's books and records to be inaccurate.

The suspension is in effect from January 4, 2010, through April 3, 2010. **(FINRA Case #2008016100501)**

**Richard Alan Pizzuti (CRD #1742894, Registered Principal, Sanford, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pizzuti consented to the described sanction and to the entry of findings that he failed to comply with FINRA requests to provide documents and information, and failed to appear and give testimony relevant to FINRA's investigation. **(FINRA Case #2009017195201)**

**Donald Wakefield Porter (CRD #2867207, Registered Representative, Danville, Kentucky)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Porter's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Porter consented to the described sanctions and to the entry of findings that he participated in the sale of a Universal Lease Program (ULP) in the amount of \$11,381, while failing to provide his member firm with prior written notice and to obtain his firm's written approval.

The suspension was in effect from January 19, 2010, through February 1, 2010. **(FINRA Case #2009016709004)**

**George Ernest Reilly (CRD #1523041, Registered Principal, Fox Lake, Illinois)** was fined \$50,000 and suspended from association with any FINRA member in any principal capacity for two years. The fine is due and payable if and when Reilly re-enters the securities industry. The sanctions were based on findings that Reilly failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules for market making and for supervising market making activities and the activities of registered representatives. The findings stated that Reilly failed to develop and implement an AML compliance program, as required by the Bank Secrecy Act, reasonably designed to detect suspicious money movements and trading activities in corporate customers' account, investigate the activity and make the appropriate Suspicious Activity Report (SAR) filing. The findings also stated that the firm's AML program lacked procedures on monitoring and preventing money laundering and did not explain what follow-up would be required if

a money laundering “red flag” was detected or when a SAR must be filed. The findings also included that Reilly failed to detect and investigate the suspicious nature of transactions in a representative’s corporate customer’s account.

The suspension is in effect from December 7, 2009, through December 6, 2011. **(FINRA Case #2006006518904)**

**Leslie Klaserner Robey (CRD #2008862, Registered Representative, Westford, Massachusetts)** submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Robey’s reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Robey consented to the described sanctions and to the entry of findings that she prepared and submitted an Internal Rollover Withdrawal Request form authorizing the funding of a variable annuity that she mistakenly thought she failed to complete when, in fact, the customer had postponed the variable annuity purchase. The findings stated that, without the customer’s approval or instructions or without speaking to the registered representative for whom she was assisting, Robey, in an effort to correct her perceived error, filled out and affixed the customer’s signature to the form, in violation of her member firm’s policy prohibiting associated persons from signing a customer’s signature to any paperwork, and submitted the paperwork for processing.

The suspension is in effect from December 21, 2009, through February 18, 2010. **(FINRA Case #2008014692901)**

**Philip Wayne Russell (CRD #1185202, Registered Representative, Brentwood, Tennessee)** submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Russell consented to the described sanction and to the entry of findings that he engaged in private securities transactions outside the regular course and scope of his employment with his member firm and failed to provide notice to, or receive approval from, his firm. The findings stated that Russell completed his firm’s annual compliance questionnaire and incorrectly answered “no” in response to questions regarding selling securities away from the firm. The findings also stated that Russell received \$1,248,750 from public customers for investment in promissory notes issued by another individual; the individual defaulted and the customers received none of their original investment. The findings included that Russell failed to respond to FINRA requests for information. **(FINRA Case #2007010589501)**

**Max Jack Safdie (CRD #408921, Registered Principal, Mill Valley, California)** submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for 30 business days. In light of Safdie’s financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Safdie consented to the described sanction and to the entry of findings that he made misrepresentations to a third-party lending institution in order to assist a family member in obtaining a loan.

The suspension is in effect from January 4, 2010, through February 16, 2010. (FINRA Case #2007009440601)

**Gina Marie Crawford Sims (CRD #4718520, Registered Representative, Gastonia, North Carolina)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Sims misappropriated a customer's \$928.78 automobile insurance policy check by depositing the check into her personal bank account instead of forwarding it to her member firm. She later reimbursed the funds to the customer. The findings stated that Sims misappropriated \$5,148.51 in variable life insurance premiums by depositing customers' checks into her personal bank account. The findings also stated that Sims failed to appear for FINRA on-the-record interviews. (FINRA Case #2008012948801)

**Eric Lowell Small (CRD #2140208, Registered Principal, Shaker Heights, Ohio)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$17,500 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Small consented to the described sanctions and to the entry of findings that, while associated with his former member firm as a registered principal but not registered as a research analyst or a research principal, he supervised the conduct of the firm's research analysts, including approving research reports they prepared and that his firm issued. The findings stated that Small failed to establish and maintain adequate supervisory procedures concerning the review of email correspondence, the review of incoming and outgoing hard copy correspondence at the firm's branch offices that he was in charge of, and the review of the outside investment activity of registered representatives at the firm. The findings also stated that the firm's procedures indicated that a supervisory principal must review all correspondence, but these procedures were not reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules. The procedures were inadequate in that they contained insufficient detail concerning how and when such reviews were to occur, and the firm had no written supervisory procedures addressing the review of outside brokerage accounts. The findings also included that Small failed to establish, maintain and enforce adequate written supervisory control procedures relating to NASD Rule 3012(a)(2)(B) and its requirement that members establish, maintain and enforce procedures reasonably designed to review and monitor transmittals of funds or securities between customers and registered representatives, and NASD Rule 3012(a)(2)(C) and its requirement of an analysis and determination of whether producing branch office managers should have been subjected to heightened supervision.

The suspension was in effect from January 19, 2010, through February 1, 2010. (FINRA Case #2007007345601)

**Thomas Lynn Solomon (CRD #4596219, Registered Representative, West Bloomfield, Michigan)** submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Solomon consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information. (FINRA Case #2007010986201)

**Steven Alan Suib (CRD #3052895, Registered Representative, Chester Springs, Pennsylvania)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for one year and ordered to pay \$7,000, plus interest, in restitution to customers. Without admitting or denying the findings, Suib consented to the described sanctions and to the entry of findings that he purchased Class A share mutual funds for a customers' joint account without their authorization or consent.

The suspension is in effect from January 4, 2010, through January 3, 2011. **(FINRA Case #2008013957801)**

**David Supercinski (CRD #1125410, Registered Representative, Aledo, Texas)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that Supercinski forged customers' signatures on documents, including variable annuity applications and transfer forms, without their knowledge or consent. The findings stated that Supercinski engaged in unauthorized transactions in a customer's account. The findings also stated that Supercinski failed to respond to FINRA requests to provide information, documents and on-the-record testimony. **(FINRA Case #2007008208701)**

**Bradley Adam Sustrin (CRD #2368124, Registered Supervisor, Cooper City, Florida)** submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 10 business days. In light of Sustrin's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Sustrin consented to the described sanction and to the entry of findings that he borrowed \$5,000 from a customer without his member firm's prior approval. The findings stated that when the loan was made, Sustrin's firm did not have written procedures that allowed its representatives to borrow money from customers.

The suspension was in effect from December 21, 2009, through January 5, 2010. **(FINRA Case #2009016760902)**

**Dennis Ray Thompson Sr. (CRD #2785279, Registered Principal, Jacksonville, Florida) and Dennis Ray Thompson Jr. (CRD #4288230, Registered Representative, Jacksonville, Florida)** submitted Letters of Acceptance, Waiver and Consent in which Thompson Sr. was barred from association with any FINRA member in any capacity. Thompson Jr. was suspended from association with any FINRA member in any capacity for two years. In light of Thompson Jr.'s financial status, no monetary sanctions were imposed. Without admitting or denying the findings, the Thompsons consented to the described sanctions and to the entry of findings that they offered and sold investments in an unregistered hedge fund and its general partner using representations and sales materials that contained materially misleading statements and omissions of fact. The findings stated that the information that was supplied by the hedge fund manager and used recklessly by the Thompsons to solicit investors contained materially false and misleading statements and omissions concerning, among other facts, a pending Commodity Futures Trading Commission (CFTC) securities fraud action against the hedge fund manager, the fund's theoretical and unproven performance figures, the speculative nature of the fund's trading strategy, and the significant risks associated with an investment in the hedge fund and its general partner. The findings also stated

that the Thompsons solicited investors without conducting a reasonable investigation to determine whether the hedge fund and its general partner were suitable investments and without regard as to whether certain investors were capable of evaluating and bearing the risks associated with such investments. The findings also included that the Thompsons failed to disclose to their member firm that they were engaged in private securities transactions for compensation. FINRA found that Thompson Sr. failed to disclose to his firm, in writing, that he received override commissions from the hedge fund and general partner for sales that other firm salesmen made.

Thompson Jr.'s suspension is in effect from January 19, 2010, through January 18, 2012. (FINRA Cases #2005001398604/ #2005001398603)

**Rogelio A. Villa Jr. (CRD #5326444, Registered Representative, San Antonio, Texas)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Villa consented to the described sanction and to the entry of findings that he obtained a deceased customer's credit card number during the course of assisting the customer's widow with her banking needs and, without authorization, charged approximately \$3,800 to the customer's credit card account. The findings stated that Villa, pretending to be the deceased customer, contacted the credit card's customer service and requested that the address on the credit card be changed to his home address. The findings also stated that Villa added himself as an authorized user on the credit card and requested that a new card be sent to his home address. (FINRA Case #2009019029201)

**Thomas Greenwood Weed (CRD #1640122, Registered Supervisor, Bainbridge Island, Washington)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Weed's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Weed consented to the described sanctions and to the entry of findings that he effected securities transactions in a customer's account on a discretionary basis. The findings stated that Weed failed to obtain the customer's prior written authorization to exercise discretion and failed to obtain his member firm's written acceptance of the account as discretionary.

The suspension was in effect from December 21, 2009, through January 5, 2010. (FINRA Case #2008013743401)

**Grant Thomas Weiss (CRD #4792311, Registered Representative, Penn Valley, California)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Weiss' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Weiss consented to the described sanctions and to the entry of findings that he signed or placed customers' names or initials on documents needed to transfer the customers' accounts from his previous member

firm to a more recent member firm. The findings stated that Weiss knew that these customers wanted to transfer their accounts to his firm, as evidenced by their signatures and initials on other documents needed to accomplish the transfers.

The suspension is in effect from December 21, 2009, through December 20, 2010. **(FINRA Case #2008013690301)**

**Paul Ernest Yankie (CRD #2810086, Registered Principal, Cincinnati, Ohio)** submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Yankie consented to the described sanction and to the entry of findings that he participated in a private securities transaction and failed to give prior written notice to, and receive prior written approval from, his member firm to engage in the transaction. The findings stated that Yankie borrowed \$60,000 from a public customer contrary to his member firm's general prohibition from borrowing money from customers; the firm permitted borrowing from an immediate family member which the customer in this case was not. The findings also stated that Yankie failed to respond to FINRA requests for documents and to appear for an on-the-record interview. **(FINRA Case #2008012237201)**

**William Robert Young (CRD #4787488, Registered Representative, Baltimore, Maryland)** submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Young consented to the described sanctions and to the entry of findings that he maintained personal securities accounts at another broker-dealer without notifying his member firm in writing of the accounts. The findings stated that Young failed to disclose to the executing broker-dealer that he was associated with a member firm. The findings also stated that Young falsely stated on an annual compliance questionnaire that he had disclosed all outside brokerage accounts.

The suspension was in effect from January 4, 2010, through February 2, 2010. **(FINRA Case #2008014271201)**

## Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of December 31, 2009. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed the decisions. Initial decisions where the time for appeal have not yet expired will be reported in future *FINRA Notices*.

**M. Paul De Vietien (CRD #1121492, Registered Representative, St. Petersburg, Florida)** was barred from association with any FINRA member in any capacity. The sanction was based on findings that De Vietien participated in private securities transactions without prior written notice to, and written permission from, his member firm. The findings stated that De Vietien engaged in outside business activities, received compensation and failed to provide written notice to his firm.

This decision has been appealed to the NAC. The sanction is not in effect pending consideration of the appeal. **(FINRA Case #2006007544401)**



**Dante Joseph DiFrancesco (CRD #2482531, Registered Representative, Croton on Hudson, New York)** was fined \$10,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine is due and payable upon DiFrancesco's return to the securities industry. The sanctions were based on findings that without authorization from his member firm or its customers, DiFrancesco downloaded confidential customer information from his firm's computer system onto a flash drive. The findings stated that DiFrancesco used the information for his personal use and benefit and sent it to the branch manager of his new firm who downloaded the information onto a spreadsheet. The findings also stated that DiFrancesco and the branch manager used the information to send a "welcome letter" to DiFrancesco's customers.

This decision has been appealed to the NAC. The sanctions are not in effect pending consideration of the appeal. **(FINRA Case #2007009848801)**

## Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

**Brookstone Securities, Inc. (CRD #13366, Lakeland, Florida), Antony Lee Turbeville (CRD #1721014, Registered Principal, Lakeland, Florida) and Christopher Dean Kline (CRD #2597293, Registered Representative, Baraboo, Wisconsin)** were named as respondents in a FINRA complaint alleging that, in connection with the purchase or sale of collateralized mortgage obligations (CMOs), the firm, Turbeville and Kline effected transactions in, or induced the purchase or sale of, securities by means of manipulative, deceptive or other fraudulent device or contrivance. The complaint alleges that the firm, Turbeville and Kline made material misrepresentations and omitted to disclose material information at least negligently, and in so doing, violated their obligation to observe high standards of commercial honor and just and equitable principles of trade. The complaint also alleges that the firm, acting through Turbeville and Kline, recommended high-risk CMO investments to elderly and/or retired customers without a reasonable basis for believing that the investments were suitable based on the customers' disclosed age, investment experience, investment objectives, financial situation and/or risk tolerance. The complaint further alleges that the firm and Turbeville made misrepresentations, omitted material facts and used misleading statements in letters sent to certain customers who invested in the CMOs. In addition, the complaint alleges that the firm, acting through a registered principal, failed to review all discretionary customer accounts at frequent intervals to detect and prevent transactions that were excessive in size or frequency in view of the financial resources and character of the accounts as required by the firm's written supervisory procedures. Moreover, the complaint alleges that the firm, acting through the principal, failed to adequately supervise customer CMO accounts and transactions and, acting through the principal and Turbeville, failed to enforce its procedures regarding safeguarding customer information. **(FINRA Case #2007011413501)**

**Steven Emery Floyd (CRD #4894766, Registered Representative, West Jordan, Utah)** was named as a respondent in a FINRA complaint alleging that while employed as a registered representative at a member firm and a personal banker at a bank affiliate, he requested and obtained temporary ATM cards for customers and used the cards to withdraw approximately \$15,668 from their bank accounts without their knowledge or consent. The complaint alleges that Floyd failed to return any of the funds to the customers or reimburse the bank after it repaid the funds to the customers. The complaint also alleges that Floyd failed to respond to FINRA requests for information. (FINRA Case #2009016586601)

**Fox Financial Management Corporation (CRD #134277, Carrollton, Texas) and James Edward Rooney Jr. (CRD #1857754, Registered Principal, Carrollton, Texas)** were named as respondents in a FINRA complaint alleging that the firm, acting through Rooney, willfully failed to disclose material facts to customers or omitted material facts in connection with relevant business and management information concerning private placement offerings. The complaint alleges that the firm, acting through Rooney, participated in private placement offerings of zero coupon bonds issued by limited liability companies, and each of these offerings claimed an exemption from registration under the Securities Act of 1933, when at no time was there a registration statement in effect for the entities' bonds, and the exemption under Regulation D of the Securities Act 1933 did not apply. The complaint also alleges that the firm, acting through Rooney, failed to establish a proper escrow account and falsely represented that customer funds would not be commingled, in that Rooney failed to detect that customer funds had been commingled because he had neglected to obtain copies of the escrow account statements and maintain such statements among the firm's records. The complaint further alleges that the firm, acting through Rooney, allowed escrowed customer funds from the offering to be invested in a mutual fund when it was not a permissible investment under SEC Rule 15c2-4. In addition, the complaint alleges that the firm, acting through Rooney, certified an inadequate test of its system of supervisory controls as it failed to include a review of the firm's private placement business, and Rooney stated in his Annual Certification of Compliance that the firm had established and maintained policies and procedures reasonably designed to ensure compliance with FINRA rules. Moreover, the complaint alleges that the firm failed to evidence its supervision over Rooney as a producing manager. Furthermore, the complaint alleges that the firm, acting through Rooney, failed to establish, maintain and enforce written procedures to supervise the type of business in which the firm engaged, and that were reasonably designed to achieve compliance with applicable securities laws and FINRA rules. (FINRA Case #2008011592201)

**John Allan Jones (CRD #2558599, Registered Principal, Roswell, Georgia) and Allan J. Satterfield (CRD #4087020, Registered Representative, Gainesville, Georgia)** were named as respondents in a FINRA complaint alleging that they knew or were reckless in not knowing that sales material and sales pitches to customers relating to an unregistered hedge fund and its general partner contained materially false and misleading statements and omissions, and they failed to have reasonable grounds for believing that their recommendations were suitable, and in fact, knew or were reckless in not knowing that the hedge fund and its general partner were unsuitable for their customers. The complaint alleges that Jones and Satterfield negligently made

misleading misrepresentations and omissions of material facts to customers in connection with the purchase or sale of the securities, and failed to observe high standards of commercial honor and just and equitable principles of trade. The complaint also alleges that Jones and Satterfield failed to conduct a reasonable investigation of the securities to determine whether they were suitable for recommendation to any customer, and failed to have reasonable grounds to believe that these securities were suitable for individual customers on the basis of facts the customers disclosed as to their other securities holdings and financial situation and needs. (FINRA Case #2005001398602)

**Max International Broker/Dealer Corp. (CRD #46039, New York, New York) and David Scott Isolano (CRD #2504880, Registered Principal, Lackawaxen, Pennsylvania)** were named as respondents in a FINRA complaint alleging that they willfully charged excessive and fraudulent markups to customers in connection with their purchase of penny stocks. The complaint alleges that the firm failed to report last sale reports of transactions in securities to the OTCRF, and failed to create order memoranda for customer transactions. The complaint also alleges that the firm, acting through Isolano, failed to reasonably enforce its supervisory procedures concerning markups and proprietary trading. The complaint further alleges that the firm had deficient supervisory control procedures, and failed to conduct and/or evidence any formalized testing or gap analysis to ensure that its supervisory systems with respect to maintenance of books and records, review of markups and receipt of customer funds were adequate. In addition, the complaint alleges that the firm was late in designating its chief compliance officer on its Application for Broker-Dealer Registration (Form BD), submitted its annual certification late, and willfully failed to inform FINRA of its use of electronic media storage, and did not store records in a non-rewriteable, non-erasable format. (FINRA Case #2007007253803)

**Kyle Patrick MacDonald (CRD #4674276, Registered Representative, Pelham, New Hampshire)** was named as a respondent in a FINRA complaint alleging that he converted \$1,100 in customers' financial planning fees owed to his member firm by instructing the customers to make their checks payable to him personally and, without permission or authority, wrongfully cashed the checks and used the funds for his own uses and purposes. (FINRA Case #2009018375901)

**Susan Melvin Magouirk (CRD #4207160, Associated Person, Macon, Georgia)** was named as a respondent in a FINRA complaint alleging that she misappropriated \$65,000 from a customer's account by forging the customer's signature on Letters of Authorization and, without permission or authority, wrongfully caused checks totaling \$65,000 to be drawn from the customer's account at her member firm. The complaint alleges that Magouirk obtained possession of these checks and used them for her own benefit. (FINRA Case #2008014644201)

**Gregory Arthur Niebler (CRD #716226, Registered Supervisor, Mequon, Wisconsin)** was named as a respondent in a FINRA complaint alleging that he received approximately \$370,000 from an elderly customer for whom he had a power of attorney. The complaint alleges that Niebler falsely denied to his member firm on compliance questionnaires that he received the funds from the customer and failed to disclose his power of attorney over the customer to his firm. The complaint also alleges that after the

customer became incompetent, Niebler improperly received at least \$172,900 from the customer's bank account and abused his power of attorney by completing and signing the customer's name to checks written out to him or his credit card companies. The complaint further alleges that Niebler effected discretionary transactions in the customer's account without written authority accepted by the firm. **(FINRA Case #2007009405201)**

**Dustin E. Polage (CRD #5310751, Registered Representative, Lancaster, Ohio)** was named as a respondent in a FINRA complaint alleging that he misappropriated \$36,102 from customers by generating and activating ATM cards linked to the customers' accounts and withdrawing \$36,102 from their accounts without their knowledge, authorization or consent. The complaint also alleges that Polage failed to respond to FINRA requests for information. **(FINRA Case #2008014784001)**

**Richard Totoy (CRD #5423558, Registered Representative, New York, New York)** was named as a respondent in a FINRA complaint alleging that he converted \$1,000 from a customer by using an ATM card that he created to withdraw \$1,000 from the customer's account without her knowledge or consent. He later returned the funds to the bank. The complaint alleges that Totoy failed to respond to FINRA requests for information and to appear for a FINRA on-the-record interview. **(FINRA Case #2008015139801)**

**Firm Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320**

**Thomas Group Capital**  
Atlanta, Georgia  
(December 30, 2009)

**Firms Suspended for Failure to Supply Financial Information Pursuant to FINRA Rule 9552**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

**Aura Financial Services, Inc.**  
Birmingham, Alabama  
(December 3, 2009)

**Provident Asset Management, LLC**  
Dallas, Texas  
(December 3, 2009)

**Trans World Securities LLC**  
Cicero, New York  
(December 3, 2009)

**Firm Suspended Pursuant to FINRA Rule 9553 for Failure to Pay Arbitration Fees**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

**Aura Financial Services, Inc.**  
Birmingham, Alabama  
(December 4, 2009)

**Individuals Revoked for Failing to Pay Fines and/or Costs Pursuant to FINRA Rule 8320**

(If the revocation has been rescinded, the date follows the revocation date.)

**Patrick Francis Harte Jr.**  
Plano, Texas  
(December 10, 2009)

**Randall Benjamin Ram**  
Boca Raton, Florida  
(December 24, 2009)

**Russell Bruce Simmons**  
Valrico, Florida  
(November 26, 2001 –  
December 15, 2009)

**Individuals Barred Pursuant to  
FINRA Rule 9552(h)**

(If the bar has been vacated, the date follows the bar date.)

**Kaloian Ivanov Barbukov**  
Clifton, New Jersey  
(December 21, 2009)

**Louise M. Batchelor**  
San Diego, California  
(December 14, 2009)

**Daniel Richard Marcelain**  
Macomb Township, Michigan  
(December 28, 2009)

**Kristin Noel Mitchell**  
Pensacola, Florida  
(December 21, 2009)

**Eric Adam Sandler**  
Boca Raton, Florida  
(December 2, 2009)

**Siri Siriphanthong aka Phuong Do**  
Gainesville, Georgia  
(December 28, 2009)

**Christopher Todd Wood**  
Hopkinsville, Kentucky  
(December 21, 2009)

**Danny Valenzuela**  
Tucson, Arizona  
(December 29, 2009)

**Individuals Suspended Pursuant to  
FINRA Rule 9552(d)**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

**Scott Browning**  
Naples, Florida  
(December 28, 2009)

**Chisako Furukawa**  
Teaneck, New Jersey  
(December 7, 2009)

**David Gamal K. Hanna**  
New York, New York  
(December 28, 2009)

**Joe Hon-Chuen Lai**  
San Jose, California  
(December 24, 2009)

**James Joseph Lonigro**  
Wesley Chapel, Florida  
(December 18, 2009)

**Daisy Lonigro aka Daisy Trevino**  
Wesley Chapel, Florida  
(December 18, 2009)

**Kristen A. Miyake**  
Chatsworth, California  
(December 14, 2009)



**Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule Series 9554**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

**Peter Balint**  
Melville, New York  
(December 17, 2009)

**James Joseph Bovino**  
Hohokus, New Jersey  
(December 10, 2009)

**Steven Leonid Fisher**  
Armonk, New York  
(December 10, 2009–  
December 15, 2009)

**Daniel James Healy**  
Greenville, Michigan  
(December 1, 2009)

**James Paul Hutchison Jr.**  
Houston, Texas  
(December 17, 2009)

**John Anthony Marrone**  
Pacific Palisades, California  
(August 18, 2009 – December 10, 2009)

**Lawrence Clyde McIntosh**  
Spring, Texas  
(December 17, 2009)

**Mark Wayne Mills**  
Carmel, Indiana  
(December 10, 2009)

**Timothy Burke Ruggiero**  
Plantation, Florida  
(December 17, 2009)

**James Wesley Shaw**  
West Plains, Missouri  
(December 17, 2009)

**FINRA Expels Meeting Street Brokerage, Bars Broker, Sanctions Firm's Owner for Market Manipulation, Other Violations**

**All Three Schemed to Create Artificial Price and Trading Volume for Relay Capital Corporation**

The Financial Industry Regulatory Authority (FINRA) has expelled Meeting Street Brokerage, LLC of Palm City, FL, from the securities industry for market manipulation of Relay Capital Corporation stock—as well as for violations of Regulation T, Anti-Money Laundering (AML) rules, instant message retention requirements, registration requirements and net capital requirements.

FINRA barred Meeting Street broker Lisa A. Esposito for participating in the manipulation and for violating Regulation T. FINRA sanctioned her husband, Vincent A. Esposito, the firm's owner, principal and AML Compliance Officer, for those same violations and for violations of his AML obligations. Vincent Esposito was suspended from associating with a securities firm in any capacity for 90 days, suspended from associating with a securities firm in a principal capacity for two years and fined \$15,000.

"Market manipulation constitutes a grave abuse of the integrity of our markets," said Susan Merrill, FINRA Executive Vice President and Chief of Enforcement. "Firms that conduct or facilitate a manipulation have no place in the securities industry."

FINRA found that in 2005, Meeting Street and the Espositos participated in a manipulative scheme designed to increase and/or maintain artificially the price and volume of a Pink Sheet-traded stock issued by Relay Capital. Relay Capital was first incorporated in Canada in 2002 as First Canadian American Credit Services, later relocating to Nevada and changing its name to Galloway Oil and Gas, Inc. Relay Capital currently reports that it is in the business of marketing pre-paid financial services.

In its investigation, FINRA found that Meeting Street and the Espositos participated in the manipulation of Relay Capital stock by:

- placing approximately 100 matched orders for the firm's customers—*i.e.*, prearranged orders for the purchase and/or sale of the stock for the purpose of creating the false appearance of high trading volume and inflating or maintaining the stock's price;
- transferring free shares of the stock to customers who had purchased or agreed to purchase additional shares of the stock;
- continually allowing customers to purchase the stock without sufficient funds to do so and without a good faith belief that they would pay for their purchases before selling the stock; and
- effecting nearly 100 purchases for customers in which the cost to buy the stock was met by the sale of the same stock.

FINRA also found that Meeting Street and the Espositos effected certain agency cross trades between customers at prices in excess of the price at which Relay Capital stock traded on the date of the transactions. FINRA further found that a consulting company owned and controlled by Lisa Esposito received over 1.2 million shares of Relay Capital stock as payment for consulting services and that Meeting Street generated \$289,000 in commissions in 2005 for placing Relay Capital stock trades.

FINRA also found that Meeting Street and the Espositos committed numerous violations of Regulation T, many of which were in furtherance of the manipulation, and that Meeting Street and Vincent Esposito, the firm's AML Compliance Officer, violated their AML obligations by failing, in several instances between 2005 and 2007, to investigate and report suspicious activity.

In concluding this settlement, Meeting Street and the Espositos neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Vincent Esposito's suspension is in effect from December 21, 2009, through March 20, 2010.

#### **FINRA Fines Pacific Cornerstone Capital, CEO \$750,000 for Private Placement Offering Failures**

The Financial Industry Regulatory Authority (FINRA) has fined Pacific Cornerstone Capital, Inc. of Irvine, CA, and its former chief executive officer, Terry Roussel, a total of \$750,000 for failing to include full and complete information in private placement offering documents and marketing material. FINRA also charged Pacific Cornerstone and Roussel with advertising violations and supervisory failures.

Pacific Cornerstone was fined \$700,000 and agreed to make corrective disclosures to investors and to submit advertising and sales literature to FINRA for pre-use review for one year. Roussel was fined \$50,000 and suspended in all capacities for 20 business days and in a principal capacity for an additional three months.

"Investors rely on offering documents to provide information necessary for them to make informed investment decisions," said Susan L. Merrill, FINRA Executive Vice President and Chief of Enforcement. "In this case, Pacific Cornerstone targeted returns and the timing of return of principal invested without a reasonable basis."

From January 2004 to May 2009, Pacific Cornerstone sold private placements in two affiliated companies using offering documents and accompanying sales literature that contained targets as to when investors would receive the return of their principal investment and the yield on their investment. The offering documents included statements that the affiliated entities targeted returns of principal in two to four years and targeted a yield on a \$100,000 investment in excess of 18 percent. FINRA found no reasonable basis for those statements.

Further, Pacific Cornerstone and Roussel continued to use a similar targeted time period for return of capital and rate of return in successive offering documents, although those targets were not supported by prior performance. FINRA also found that the offering documents failed to disclose the complete financial condition of one or both of the companies.

Pacific Cornerstone also offered private placement units of the two affiliated entities, Cornerstone Industrial Properties, LLC and CIP Leveraged Fund Advisors, LLC, to other broker-dealers and investment advisors, which in turn sold the units to the investing public. A total of approximately \$50 million worth of units were sold to approximately 950 accredited investors over a period of almost six years. Pacific Cornerstone continued to use the same targeted two-to-four year return of principal and 18 percent rate of return in successive offering documents, despite not having met those targets.

During the same period, Roussel periodically sent letters to the private placement investors to update them on the progress of their investment that painted a positive—but unrealistic—future, without providing required risk disclosures. Roussel's letters also failed to disclose the complete financial picture of the two companies.

In addition, FINRA found that Pacific Cornerstone and Roussel failed to establish, maintain and enforce a supervisory system, including written procedures, reasonably designed to review and monitor sales of the private placement offerings.

In concluding this settlement, the firm and Roussel neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Roussel's suspension in any capacity is in effect from January 19, 2010, through February 17, 2010. His suspension in any principal capacity is in effect from February 18, 2010, through May 17, 2010.